

Nestor Healthcare Group Limited

Directors' report, strategic report and financial statements

Year ended 31st January 2015
Registered number 1992981

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Directors' report, strategic report and financial statements

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Directors' report

The directors are pleased to present their annual report and the audited financial statements for the year ended 31st January 2015. Comparative figures are presented for the year ended 31st January 2014.

Basis of preparation

The results have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"), consistent with preparation of the financial statements of Acromas Holdings Limited which has been the Company's ultimate holding company since 1st February 2011.

Directors

Directors who served during the period were as follows:

LHL Batchelor (appointed 23rd April 2014)
JM Benson (appointed 8th May 2014)
PJV Dixon
DS Gibson
JA Goodsell
SM Howard
MB Jackson
TM Pethick
RM Preece (appointed 8th May 2014)
JH Whitehead

After the year-end, SM Howard resigned on 23rd June, JA Goodsell resigned on 30th July, DS Gibson resigned on 9th September, PJV Dixon resigned on 25th September and JM Benson on 8th October 2015.

Directors' interests

No director held any interest in the share capital of the Company at any time during the year.

Country of incorporation

The Company is incorporated in Great Britain and registered in England and Wales.

Charitable and political donations

No charitable or political donations were made during the year (2014: £nil).

Company Secretary

V Haynes served as Company Secretary throughout the year.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors.

Going concern

The Company has net liabilities and net current liabilities. Having made enquiries, the directors are of the opinion that the Company cannot be regarded as a going concern, and that it would therefore be inappropriate to prepare the financial statements on a going concern basis. Instead, the financial statements have been prepared on a break-up basis. The impact of this on the financial statements and the carrying value of the assets and liabilities contained therein is not however considered to be material.

Directors' responsibilities to the auditors regarding the financial statements

Each person who is a director at the date of approval of this directors' report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 28 October 2015 and signed on its behalf by:



John Whitehead
Director
Nestor Healthcare Group Limited

Registered number 1992981

Strategic report

Principal activities, business review and future developments

Nestor Healthcare Group Limited ("the Company") is an intermediate holding company for companies within the healthcare division of the Acromas group of companies, whose principal activities are the provision of services to the healthcare and homecare markets. The Company does not trade in its own right and there are currently no plans to change this.

The ultimate holding company of the Company remains Acromas Holdings Limited.

Results and dividends

The loss attributable to shareholders disclosed in the profit and loss account was £(108,606,000) (2014: loss of £(4,000)). This loss arose largely as a result of an impairment of the carrying value of the investment in two subsidiary companies, amounting to £(108,604,000), together with a tax charge of £2,000. The need for this impairment arose following a review of probable future profitability and cash flows of an indirect subsidiary, this subsidiary being the major trading company within Saga's healthcare group. No dividend has been declared or paid (2014: nil).

Proposed disposal by intermediate parent company

On 15th January 2015 the Company's intermediate parent, Saga plc, announced its intention to seek to dispose all of its healthcare operations (other than certain private pay services). The Company is an intermediate holding company within Saga's healthcare business and so this announcement is expected to lead to a change in ultimate and intermediate parent company during the year ending 31st January 2016.

Principal risks and uncertainties

The Company does not trade. The principal risk for the Company derives from possible impairments to the fair value of its investments. These investments consist of (indirect) ownership of major trading subsidiaries in the healthcare and homecare sectors within the Acromas group of companies; possible impairments could arise from various commercial factors, each of which are more fully explained within the financial statements of the respective subsidiaries.

Following the current year impairment, in the opinion of the directors, no material risks remain for the Company.

Approved by the Board on 28 OCTOBER 2015 and signed on its behalf by:



John Whitehead
Director
Nestor Healthcare Group Limited

Registered number 1992981

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Generally Accepted Accounting Principles, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the shareholders of Nestor Healthcare Group Limited

We have audited the financial statements of Nestor Healthcare Group Limited for the year ended 31 January 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, Strategic Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.



Benjamin Gregory (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 October 2015

Profit and loss account

for the year ended 31st January 2015

	Notes	Year to 31.01.15 £'000	Year to 31.01.14 £'000
Administrative expenses - impairment of investment in subsidiaries	7	(108,604)	-
Operating loss	3	(108,604)	-
Interest payable and similar charges	5	-	(6)
Loss before taxation		(108,604)	(6)
Taxation - tax (charge)/credit	6	(2)	2
Loss for the period		(108,606)	(4)

All results have been derived from continuing operations.

The notes on pages 11 to 15 form an integral part of these financial statements.

Statement of total recognised gains and losses
for the year ended 31st January 2015

	Notes	Year to 31.01.15 £'000	Year to 31.01.14 £'000
Loss for the period	11	(108,606)	(4)
Total recognised losses relating to the year		(108,606)	(4)

Reconciliation of movements in shareholder's funds
for the year ended 31st January 2015

	Notes	Year to 31.01.15 £'000	Year to 31.01.14 £'000
Total recognised losses relating to the year	11	(108,606)	(4)
Share capital issued	10	9	35
Share premium issued	11	8	116
(Decrease)/increase in share payment reserve	11	(8)	44
Shareholder's funds brought forward		134,679	134,488
Shareholder's funds carried forward		26,082	134,679

The notes on pages 11 to 15 form an integral part of these financial statements.

Balance sheet

as at 31st January 2015

	Notes	31.01.2015 £'000	31.01.2014 £'000
Fixed assets			
Investments	7	4,093	112,705
Fixed assets		4,093	112,705
Current assets			
Trade and other debtors	8	80,732	80,757
Cash at bank and in hand		2	6
Current assets		80,734	80,763
Current liabilities			
Trade and other creditors	9	(58,745)	(58,789)
Current liabilities		(58,745)	(58,789)
Net current assets		21,989	21,974
Net (liabilities)/assets		26,082	134,679
Capital and reserves			
Called up share capital	10	12,021	12,012
Share premium account	11	72,180	72,172
Share payment reserve	11	3,435	3,443
Profit and loss account	11	(61,554)	47,052
Equity shareholder's funds - (deficit)/surplus		26,082	134,679

The notes on pages 11 to 15 form an integral part of these financial statements.

The financial statements on pages 8 to 15 were approved by the Board on *28 October* 2015.



J Whitehead

Nestor Healthcare Group Limited
Company registration number: 1992981

Notes to the financial statements

for the year ended 31st January 2015

1 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting policies as defined in the Companies Act 2006 s.464 and on the going concern basis.

The Company has taken advantage of the exemption available to it under FRS 8 "Related party transactions" not to disclose related party transactions and the exemption in FRS 1 "Cash flow statements" not to disclose a cash flow statement.

The financial statements have been prepared in pounds sterling which is the functional currency of the Company.

The principal accounting policies are set out below.

Estimates and judgements

The preparation of accounts in accordance with accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expenses during the reported period. These estimates are based on historical experience and various other assumptions that management and directors believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The area comprising critical judgements that may significantly affect the Company's earnings and financial position is the valuation of investments which is discussed in the respective note.

2 Accounting policies

Basis of consolidation and accounting reference date

The accounting reference date of the Company is 31st January. These financial statements are accordingly presented for the year ended 31st January 2015, with comparative figures for the year ended 31st January 2014.

The Company has taken advantage of the exemption from preparing consolidated financial statements as at 31st January 2015 it was a wholly owned subsidiary of its ultimate parent, Acromas Holdings Limited.

Interest receivable and payable

Borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the asset's net carrying amount. Dividend income from investments is recognised when shareholders' rights to receive payment have been established.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Investments

Investments in subsidiary undertakings are held at original cost less any provision for impairment.

Cash at bank and in hand

Cash at bank and in hand comprise balances at banks together with balances of cash in hand.

Share schemes and share-based payments

The Company has issued equity-settled share-based payments to certain employees of a subsidiary company under the terms of various share and share option schemes, including Save As You Earn share option schemes. (Nestor Healthcare Group Limited was formerly a plc and ultimate holding company for the Nestor Healthcare group of companies.)

These equity-settled share-based payments are measured at fair value as at the date of grant. The fair value so determined at the grant date has been expensed on a straight line basis over the vesting period in the financial statements of the subsidiary company.

The expense in respect of these shares is accounted for as a capital contribution made to the subsidiary company by the Company, and as such is recognised as an increase in investments in the balance sheet of the Company.

Notes to the financial statements

for the year ended 31st January 2015

3 Operating loss

Operating loss is defined as loss before interest receivable and payable. An operating loss of £(108,604,000) (2014: £nil) was incurred in the year, arising as a result of an impairment in the carrying value of the Company's investment in subsidiaries amounting to £(108,604,000).

The audit fee for the Company of £2,000, for the audit of the financial statements, (2014: £2,000) was borne by another group company.

Amounts paid to Ernst & Young LLP by the Company in respect of non-audit services for the year ended 31 January 2015 were £nil (2014: £nil)

There were no staff costs associated with the Company in the current or prior year.

4 Post balance sheet event

In the year ending 31st January 2016 an intercompany payable due to an indirect subsidiary amounting to £56,936,000 is to be waived.

5 Interest payable

	Year to 31.01.15 £000	Year to 31.01.14 £000
Interest payable and similar charges		
Interest payable on bank overdrafts	-	(6)
Total interest payable and similar charges	-	(6)

6 Taxation

	Year to 31.01.15 £000	Year to 31.01.14 £000
UK corporation tax at 21.33% (2014: 23.16%)	-	2
Current tax credit	-	2
Deferred tax - asset written off	(2)	-
Tax (charge)/credit for the period	(2)	2

Factors affecting the current tax charge:

	Year to 31.01.15 £000	Year to 31.01.14 £000
Loss at the average standard rate of corporation tax at 21.33% (2014: 23.16%)	23,165	2
Less: loss not allowable for tax purposes	(23,165)	-
Current tax credit for the period	-	2

A reduction in the main rate of corporation tax from 23% to 21% took effect on 1st April 2014 and a further reduction to 20% was enacted in the Finance Act 2013 to take effect from 1st April 2015. Further reductions to the rate of corporation tax, to 19% in April 2017 and then 18% in April 2020, were announced as part of the Summer Budget 2015.

Notes to the financial statements

for the year ended 31st January 2015

7 Investments

	Investment in subsidiaries 31.01.2015 £000
At 1st February 2014	112,705
Decrease in capital contributions for share-based payments (note 11)	(8)
Impairment	(108,604)
At 31st January 2015	4,093
At 31st January 2014	112,705

Investments comprise investments in subsidiary undertakings which are held at cost less any provision for impairment.

The impairment that has been accounted for in the year has been made following a review of the probable future profitability and cash flows of an indirect subsidiary, this subsidiary being the main trading company within Saga's healthcare group.

Except where stated, the following subsidiary companies are wholly-owned including 100% voting rights, operate in the UK and are registered in England and Wales.

Principal undertakings

Undertaking	Business
Nestor Primecare Services Limited ¹	UK healthcare services in primary and social care
Primecare Oral Health Services Limited ¹	Dental health services
Helenus Limited	Intermediate holding company

¹ The interest of Nestor Healthcare Group Limited is held through intermediate holding companies.

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings is available at the Company's registered office.

8 Trade and other debtors

	Year to 31.01.15 £000	Year to 31.01.14 £000
Amounts owed by Group companies	80,732	21,966
Recognised deferred tax assets	-	2
Trade and other debtors due within one year	80,732	21,968

The deferred tax asset was written off as not recoverable during the year. The Company has no unprovided deferred tax (2014: £nil).
In the year ended 31st January 2014 amounts owed by and owed to group companies were, where possible, offset. However in the year ended 31st January 2015 all such amounts are shown gross.

9 Trade and other creditors

	Year to 31.01.15 £000	Year to 31.01.14 £000
Amounts owed to Group companies	(58,745)	-
Trade and other creditors due within one year	(58,745)	-

£56,936,000 of the amounts owed to group companies are to be waived in the year ending 31st January 2016.

Notes to the financial statements

for the year ended 31st January 2015

10 Share capital

Authorised	31.01.2015 Number	31.01.2015 £000	31.01.2014 Number	31.01.2014 £000
Ordinary shares of 10p each	200,000,000	20,000	200,000,000	20,000
Allotted, issued and fully paid	31.01.2015 Number	31.01.2015 £000	31.01.2014 Number	31.01.2014 £000
Ordinary shares of 10p each				
At the beginning of the period	120,118,284	12,012	119,770,793	11,977
Increase in the period (note 13)	88,882	9	347,491	35
At 31st January	120,207,166	12,021	120,118,284	12,012

The ordinary shares in issue are considered by the Company to be capital in nature. The Company is not subject to any externally imposed capital requirements.

New ordinary shares were issued in the year to satisfy exercises of options under the Company's Save As You Earn sharesave scheme.

11 Share premium account and reserves

	Share premium account £000	Share payment reserve £000	Retained earnings/(losses) £000
At 1st February 2014	72,172	3,443	47,052
Share-based payments (note 13)	-	(8)	-
Issue of shares	8	-	-
Loss for the year	-	-	(108,606)
At 31st January 2015	72,180	3,435	(61,554)
At 31st January 2014	72,172	3,443	47,052

All categories of reserve disclosed above are considered by the Company to be capital in nature. The Company is not subject to any externally imposed capital requirements.

12 Employees and directors

The Company had no employees (2014: nil) during the period.

P Dixon and M Jackson were remunerated by Nestor Primecare Services Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. They did not receive any emoluments during the period in respect of their services as directors of the Company (period to 31st January 2014: £nil) and it would not be practicable to apportion the emoluments between their services as directors of the Company and services as directors of other group companies. The Company has not been recharged any amount for the emoluments of these directors (period to 31st January 2014: £nil).

All other directors of the Company were remunerated by Saga Group Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. They did not receive any emoluments during the period in respect of their services as directors of the Company (period to 31st January 2014: £nil) and it would not be practicable to apportion the emoluments between their services as directors of the Company and services as directors of other group companies. The Company has not been recharged any amount for the emoluments of these directors (period to 31st January 2014: £nil).

Notes to the financial statements

for the year ended 31st January 2015

13 Share option schemes

The following table sets out options in issue under the various Company schemes at the beginning and end of the period and movements during the period. Share options in issue expire after a certain time and exercise dates vary. Exercise rights are subject to the rules of the schemes and share options in issue are not normally exercisable until the expiry of a period of at least three years. In addition, achievement of performance targets is normally required in all schemes except the SAYE Scheme.

88,882 options (period to 31st January 2014: 347,491) were exercised during the period, at an average exercise price of 19.72p (2014: 43.42p). The weighted average share price for share options exercised during the period was 110.00p (2014: 110.00p), equal to the price per share paid by Saga Group Limited for all shares in issue and to be issued on 1st February 2011.

The number of options that had vested and were exercisable at 31st January 2015 was nil (31st January 2014: nil).

The average exercise price of grants that lapsed in the period to 31st January 2015 was 43.60p (2014: 43.60p).

Movements in the period to 31st January 2015 were as follows:

Date of issue	Adjusted option price pence	In issue st Feb 2014	Granted in the period	Exercised in the period	Lapsed in the period	In issue 31st Jan 2015
Savings Related Share Option Scheme						
April 2009	19.72	88,882	-	(88,882)	-	-
April 2010	43.60	117,692	-	-	(3,566)	114,126
		206,574	-	(88,882)	(3,566)	114,126
Total		206,574	-	(88,882)	(3,566)	114,126

Movements in the period to 31st January 2014 were as follows:

Date of issue	Adjusted option price pence	In issue st Feb 2013	Granted in the period	Exercised in the period	Lapsed in the period	In issue 31st Jan 2014
Savings Related Share Option Scheme						
June 2008	41.40	28,302	-	(28,302)	-	-
April 2009	19.72	88,882	-	-	-	88,882
April 2010	43.60	476,006	-	(319,189)	(39,125)	117,692
		593,190	-	(347,491)	(39,125)	206,574
Total		593,190	-	(347,491)	(39,125)	206,574

The share-based payment credit calculated for the year ended 31st January 2015 is £8,000 (period to 31st January 2014: charge of £44,000). The elements of this credit analysed by share-based transaction are as follows:

	Fair value of one award £	Total fair value credit Year to 31.01.15 £000	Total fair value charge Year to 31.01.14 £000
Savings Related Share Option Scheme - 2009 awards	0.13 and 0.13	2	4
Savings Related Share Option Scheme - 2010 awards	0.24 and 0.24	7	23
Prior year adjustment to true up previous estimates		(17)	17
Total (credit)/charge		(8)	44

This net credit, which has been credited in the financial statements of another group company, forms the basis of the debit to the share payment reserve of the Company (see note 11).

14 Immediate and ultimate parent undertakings

The immediate parent company is Saga Mid Co Limited, a company incorporated in Great Britain and registered in England and Wales. The Company is wholly owned by Saga Mid Co Limited.

The ultimate holding company remained Acromas Holdings Limited throughout the year. Acromas Holdings Limited is registered in England and Wales with registered office Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE.

The financial statements of the Company have been consolidated in the group financial statements of Saga plc (an intermediate parent undertaking and the ultimate parent undertaking for the Saga group), a company registered in England and Wales with registered office Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE.

Saga plc is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

On 29th May 2014, Saga plc was admitted to the London Stock Exchange.